

Energy Independence Act of 2004

Congressman Jim Nussle

Manchester, Iowa

H.R. 4652

Introduced by Congressman Jim Nussle (R-IA1)

June 2004

Summary of Tax Provisions

- *Permanent extension and expansion of tax credits for electricity derived from wind, ethanol, biodiesel and manure.
- *Allow the wind, ethanol, biodiesel and manure electricity tax credits to be traded between tax-exempt utilities and private utilities.
- *Tax credit for small ethanol producers.
- *Tax credit for construction of new energy efficient homes/energy efficiency improvements for existing homes.
- *Tax credit for energy efficient appliances.
- *Repeal excise tax on railroads and barges.
- *Raise cap for tax-free Private Activity Bonds from \$10 million to \$20 million, and expand qualification for these bonds to facilities that produce alternative fuels.
- * Permanently extend the \$2000 alternative fuel vehicle tax deduction, which is set to phase out in 2004. Provides a tax credit ranging from 40 to 70 percent of the incremental costs of an alternative fuel vehicle, subject to a maximum credit of \$3,500-\$28,000, depending on vehicle weight and whether it meets stringent emissions standards.
- *Off-road engine manufacturers' tax credit to assist research and development for developing engines to comply with Clean Air Act (CAA) rules. (Credit of \$100 for a Tier 2 compliant engine installed, \$150 for Tier 3 engines, and \$200 for Tier 4 engines. According to EPA rules developed to implement the CAA, Tier 3 engines will be required beginning in 2006; Tier 4 in 2011.)

Summary of Statutory Changes

*Create a Renewable Fuel Standard, which mandates the use of renewable fuels.

2005-- 3.1 billion gals.

2006-- 3.3 billion gals.

2007-- 3.5 billion gals.

2008-- 3.8 billion gals.

2009-- 4.1 billion gals.

2010-- 4.4 billion gals.

2011-- 4.7 billion gals.

2012-- 5.0 billion gals.

*Immediate ban on Methyl Tertiary Butyl Ether (MTBE)

*Require Federal agency fleet vehicles to use ethanol and biodiesel fuels whenever economically feasible.